



# The Real Estate ANALYST

FEBRUARY 25  
1955

Volume XXIV

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Number 8

*Real Estate Economists, Appraisers and Counselors*

## CHANGES IN REAL ESTATE AND MORTGAGE ACTIVITY

ON the following pages we show the latest available information on real estate and mortgage activity in more than 100 principal cities. Mortgage activity is shown by dollar volume wherever available. In those cities where dollar volume of mortgages is not available we show the number of mortgages recorded. Insofar as real estate activity is concerned, all charts show the number of voluntary transfers recorded.

Mortgage activity increased in 78% of all cities charted during 1954. In 20 of these cities, activity has been increasing strongly during the entire period covered by the charts. The most spectacular gains in 1954 were recorded in Houston, Texas, with a gain of 138%, in St. Louis, Missouri, +91%, and in Tulsa, Oklahoma, +90%.

Since real estate activity increased only slightly in Houston, the big increase in the dollar volume of mortgages was apparently the result of office building and hotel financing. The rise in St. Louis was brought on by three mortgages totaling more than \$155 million. One of the three was given by the Statler Hotels, and the other two by a local association of railroads.

Other cities where 1954 dollar volume of mortgages increased sharply over that of 1952 were Dallas, Texas, +83%; Phoenix, Arizona, +80%; Oklahoma City, Oklahoma, +63%; Flint, Michigan, +58%; and San Antonio, Texas, +55%. In most instances this rise in mortgage activity has not been brought on by ordinary everyday real estate activity. This is apparent because real estate activity has lagged far behind the gains in mortgage activity.

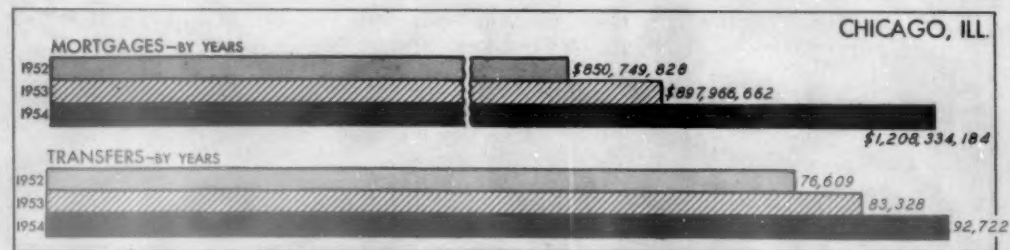
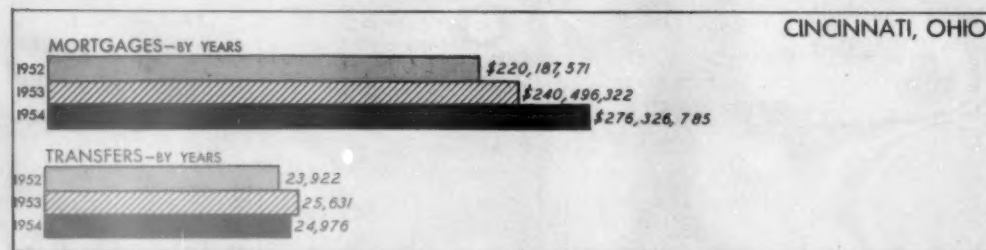
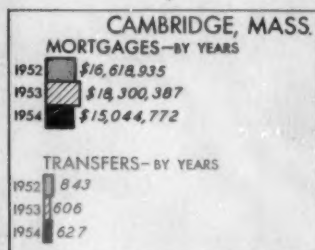
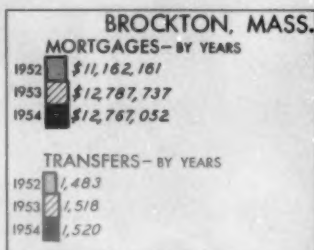
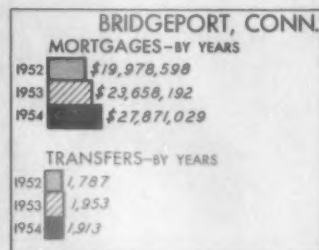
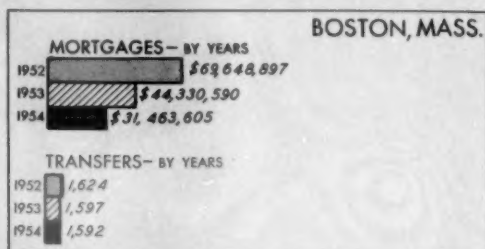
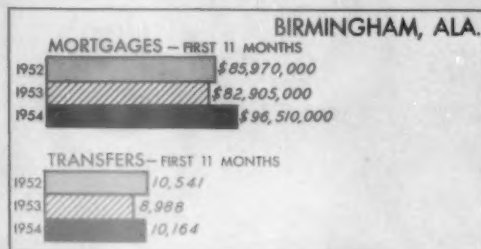
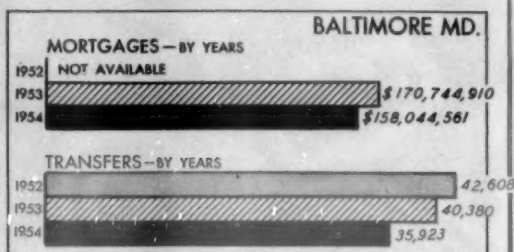
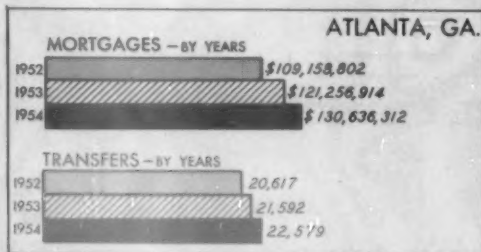
There were a few cities where the dollar volume of mortgages declined. Worst among these was Boston, Massachusetts, where recordings have dropped a jolting 55% since 1952. The 26% decline in New York City is not nearly so spectacular as  
(cont. on page 68)

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NOTE: For other comparisons of mortgage activity, see February 1954 Real Estate Analyst, pages 58 through 68, and January 1954 Real Estate Analyst, pages 22 and 26 through 35. Other comparisons in real estate activity can be found in the November 1954 Real Estate Analyst, pages 466 through 478.

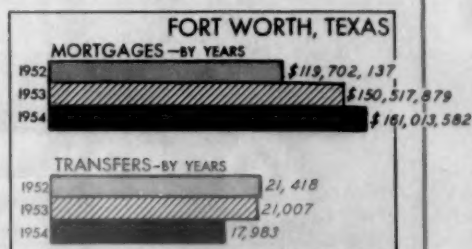
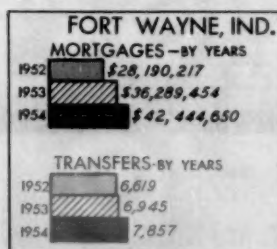
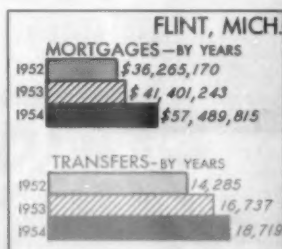
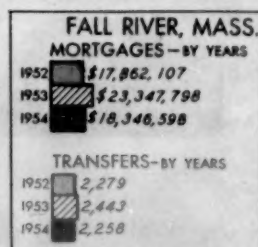
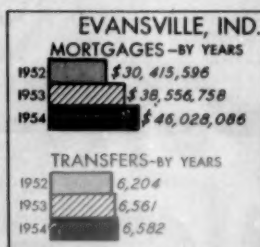
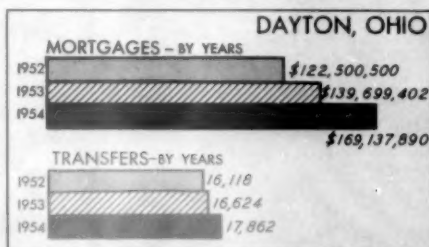
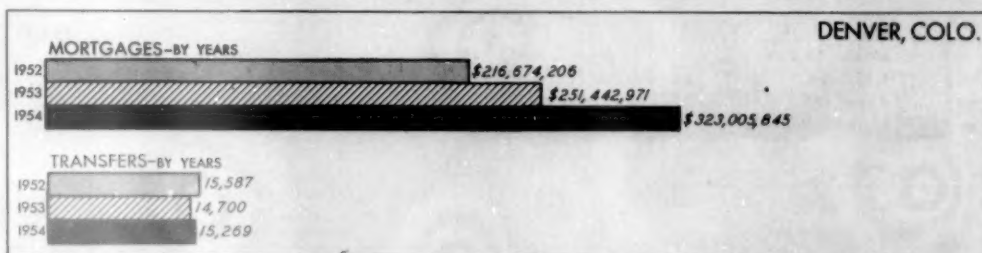
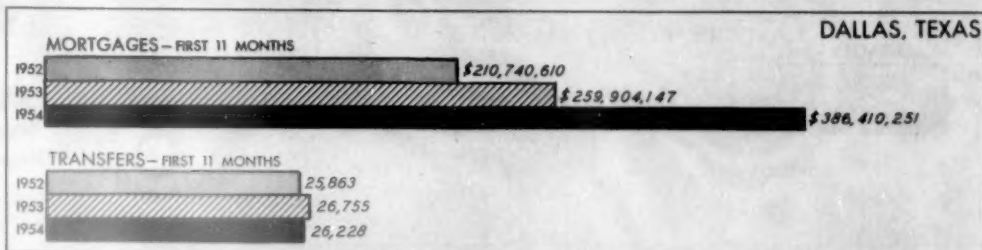
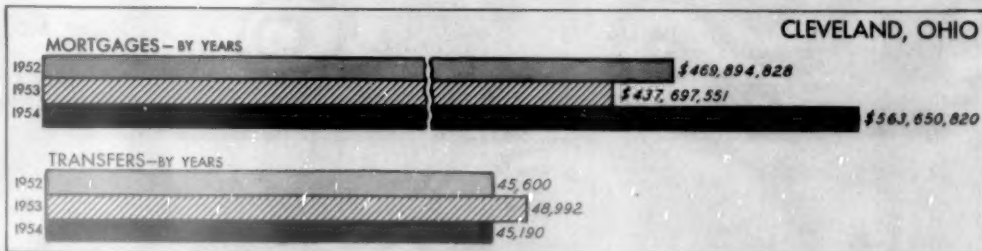
# COMPARISON OF MORTGAGE VOLUME AND REAL ESTATE TRANSFERS FOR 1952, 1953, 1954

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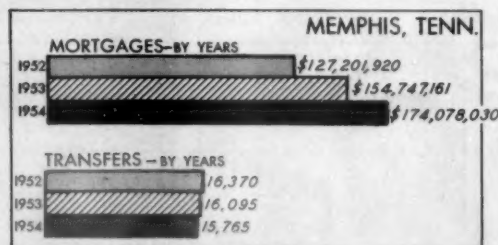
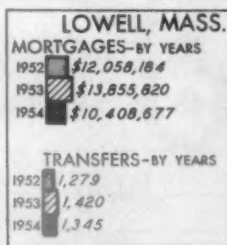
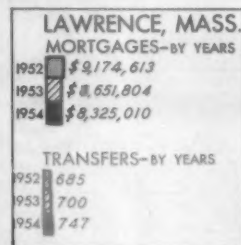
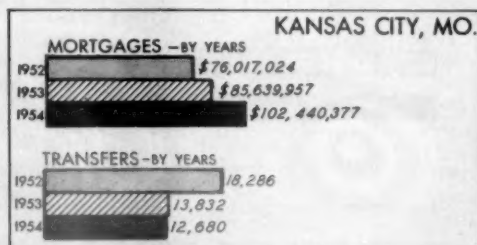
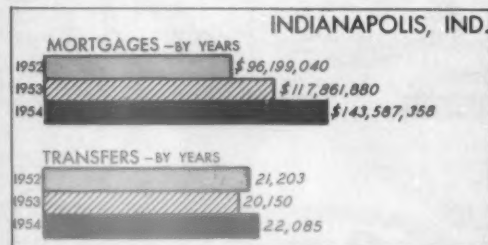
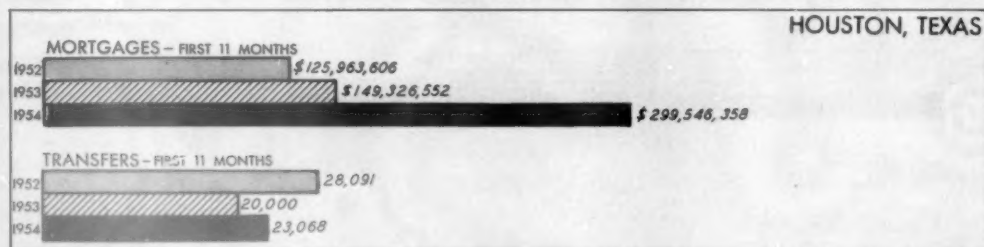
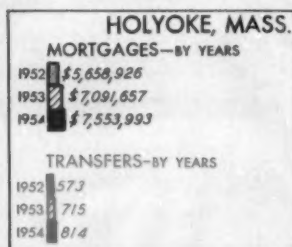
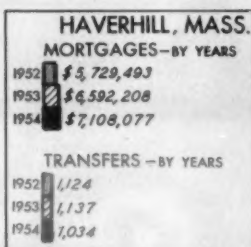
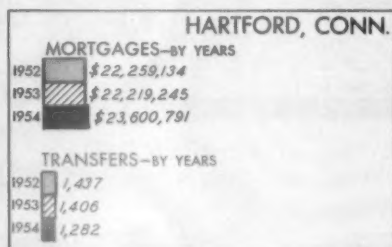
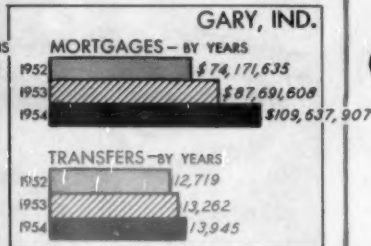
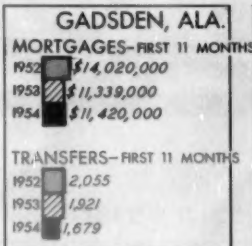
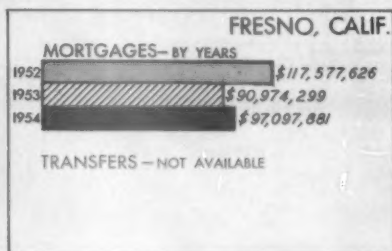
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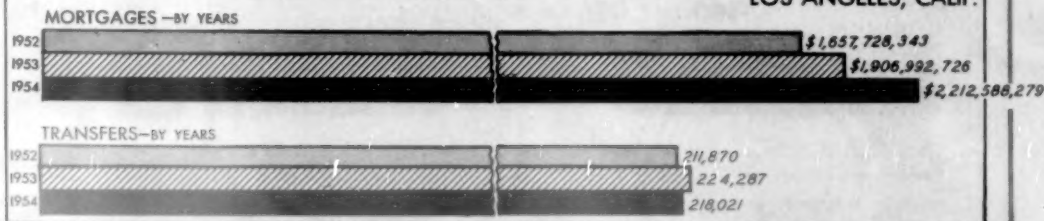




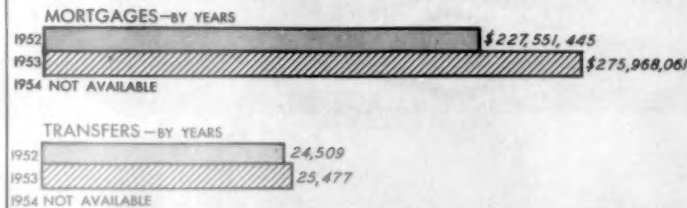
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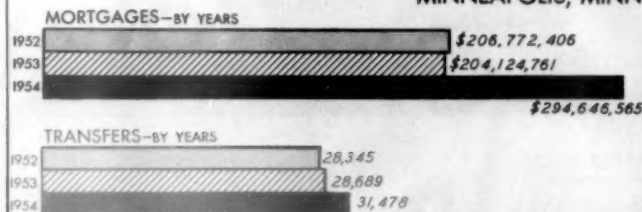
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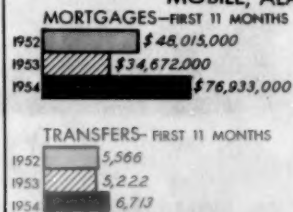
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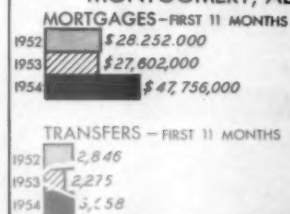
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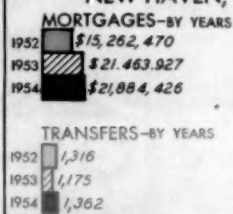
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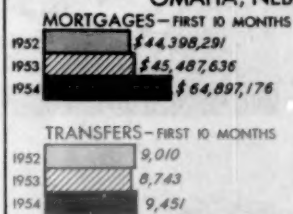
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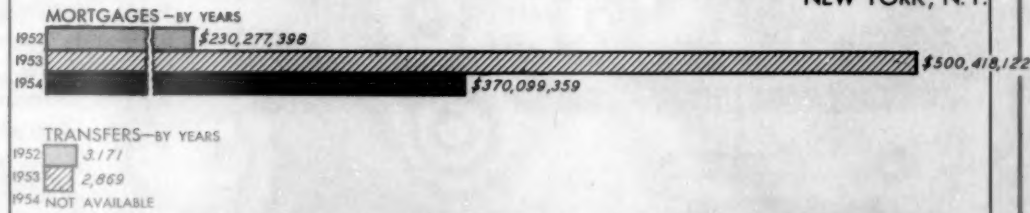
## NEW HAVEN, CONN.



## OMAHA, NEBR.

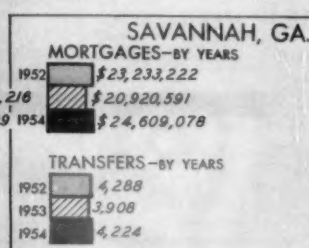
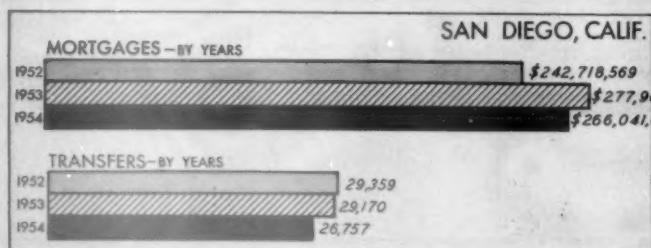
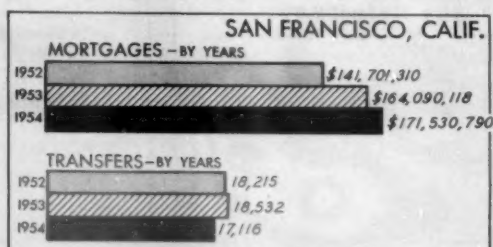
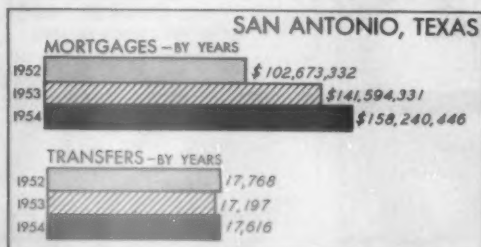
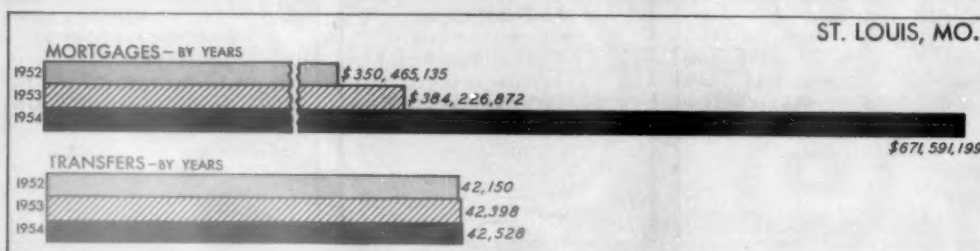
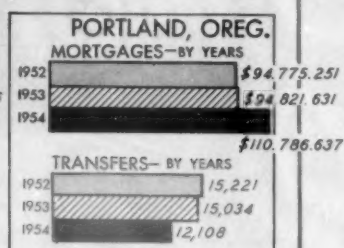
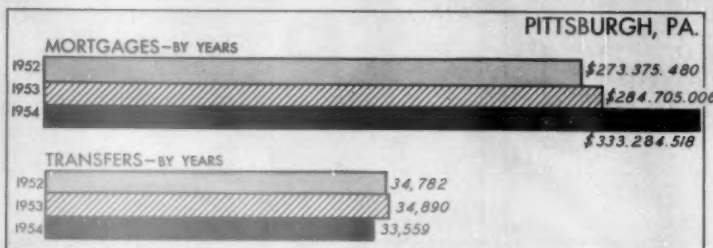
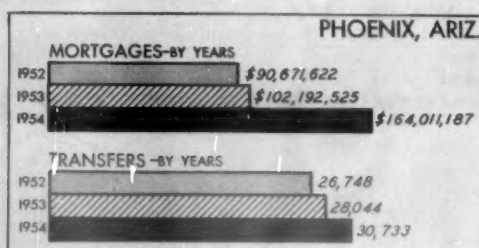
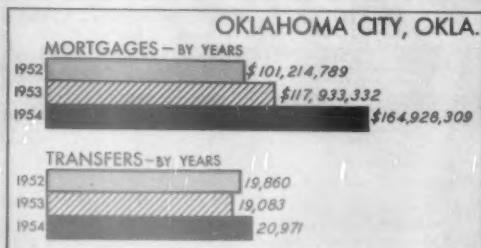


## NEW YORK, N.Y.



# COMPARISON OF MORTGAGE VOLUME AND REAL ESTATE TRANSFERS FOR 1952, 1953, 1954

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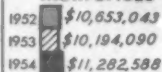


# COMPARISON OF MORTGAGE VOLUME AND REAL ESTATE TRANSFERS FOR 1952, 1953, 1954

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## SOMERVILLE, MASS.

### MORTGAGES—BY YEARS

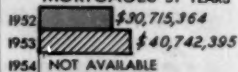


### TRANSFERS—BY YEARS

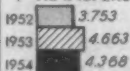


## SPRINGFIELD, MASS.

### MORTGAGES—BY YEARS

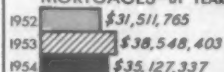


### TRANSFERS—BY YEARS



## SOUTH BEND, IND.

### MORTGAGES—BY YEARS

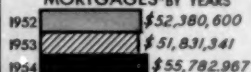


### TRANSFERS—BY YEARS



## STOCKTON, CALIF.

### MORTGAGES—BY YEARS



### TRANSFERS

NOT AVAILABLE

## TERRE HAUTE, IND.

### MORTGAGES—FIRST 10 MONTHS



### TRANSFERS—BY YEARS



## TOLEDO, OHIO

### MORTGAGES—BY YEARS

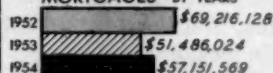


### TRANSFERS—BY YEARS



## TUCSON, ARIZ.

### MORTGAGES—BY YEARS



### TRANSFERS—BY YEARS



## TULSA, OKLAHOMA

### MORTGAGES—BY YEARS

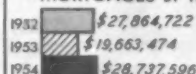


### TRANSFERS—BY YEARS



## WACO, TEXAS

### MORTGAGES—BY YEARS



### TRANSFERS—BY YEARS



## WASHINGTON, D. C.

### MORTGAGES—BY YEARS

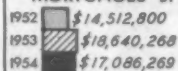


### TRANSFERS—BY YEARS



## WATERBURY, CONN.

### MORTGAGES—BY YEARS



### TRANSFERS—BY YEARS



## WESTCHESTER CO., N. Y.

### MORTGAGES—BY YEARS

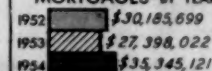


### TRANSFERS—BY YEARS



## WORCESTER, MASS.

### MORTGAGES—BY YEARS



### TRANSFERS—BY YEARS



## CHANGES IN REAL ESTATE AND MORTGAGE ACTIVITY

(cont. from page 61)

the Boston decline. Furthermore, the tremendous size of a typical New York City real estate deal makes it entirely possible for this 26% decline to be turned into a gain almost overnight.

There were several cities where the number of mortgages rose sharply over the 1953 level. Salt Lake City, Utah, showed a splendid recovery, with a 61% increase in the number of mortgages recorded there. This increase was largely sparked by real estate activity, which rose 57% over the same period. Other cities where the number of mortgages increased appreciably were: Chattanooga, Tennessee, +38%; Seattle, Washington, +27%; Louisville, Kentucky, +25%; Grand Rapids, Michigan, +23%; and Detroit, Michigan, +18%. A quick look at the charts will show that in none of these cities was the increased mortgage activity matched by increased real estate activity. In Seattle, Washington, the contrary is true, for real estate activity has dropped there for 2 consecutive years.

Most areas showed an increase during the past year in real estate activity, and about 20% of them have enjoyed steadily rising activity for the last 2 years. Rochester, New York, had a nice 37% rise in real estate activity during 1954, and we have already mentioned Salt Lake City's 57% increase. Flint, Michigan, has had a 31% increase, and Chicago, Illinois, has had a 21% increase since 1952. Among the smaller cities, Decatur, Illinois, has enjoyed a 31% increase in real estate activity and a 45% increase in the number of mortgages.

Los Angeles continues to lead the country in the number of real estate transfers. Its 218,000 sales in 1954 were less than 3% below its 224,000 sales in 1953. Dollar volume of mortgages in Los Angeles, California, moving past the \$2.2 billion mark, was the highest in the country.

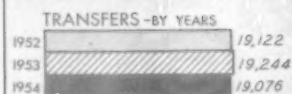
Of those cities where real estate activity has been declining, Kansas City, Missouri, has had the biggest drop, 30% in 2 years. Next was Portland, Oregon, -20%, then Houston, Texas, and Philadelphia, Pennsylvania, -18% each.

You can see from this discussion and from the charts that real estate and mortgage activity varies widely over the country. This will, of course, continue to be true during 1955. The chances are that in most of these cities, real estate and mortgage activity will improve during the first half of this year, with a possibility that the entire year will be better than 1954. There are several doubtful factors, however, perhaps the most important being the availability of mortgage money. Since real estate activity is requiring heavier financing as low and no down payment loans become more prevalent, there is some doubt as to whether mortgage money will be available in amounts sufficient to break last year's record of mortgage recordings. It also follows that there is doubt whether real estate activity will surpass the 1954 total of 4,300,000 transfers. Although it is too soon to weigh the probabilities of the last half of 1955, it seems clear enough that the first half will be a period of expanding mortgage and real estate activity.

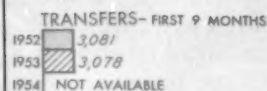


**COMPARISON OF NUMBER OF REAL ESTATE MORTGAGES  
AND NUMBER OF REAL ESTATE TRANSFERS FOR 1952, 1953, 1954**

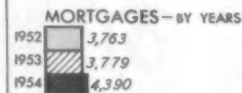
**AKRON, OHIO**



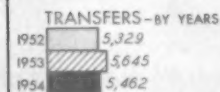
**ANDERSON, IND.**



**AUSTIN, TEXAS**



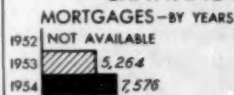
**BINGHAMTON N. Y.**



**BUFFALO, N. Y.**



**CHATTANOOGA, TENN.**

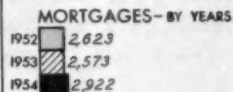


TRANSFERS—NOT AVAILABLE

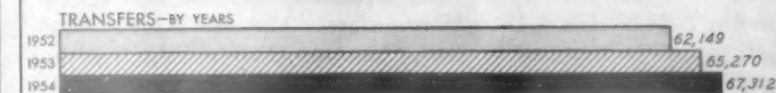
**COLUMBUS, OHIO**



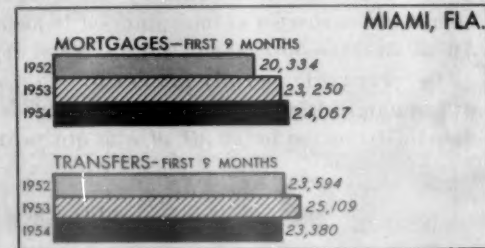
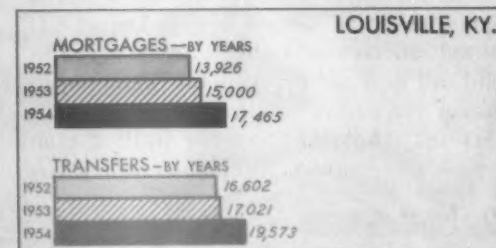
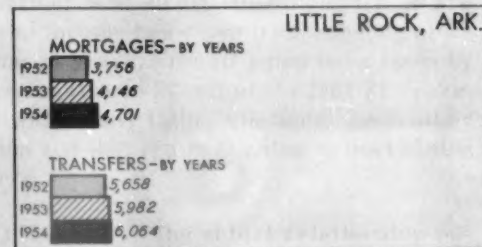
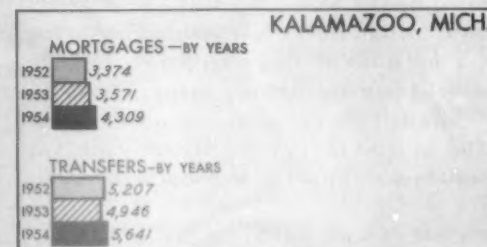
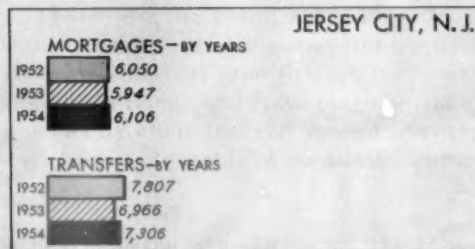
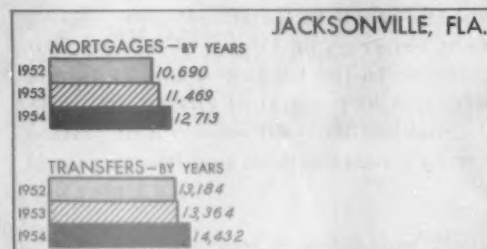
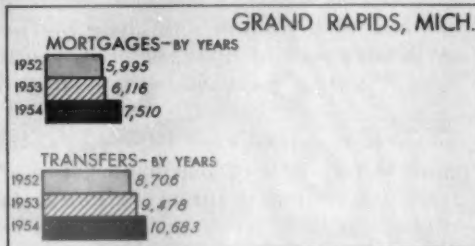
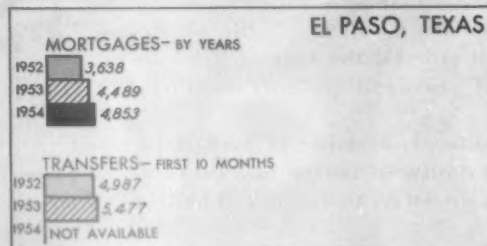
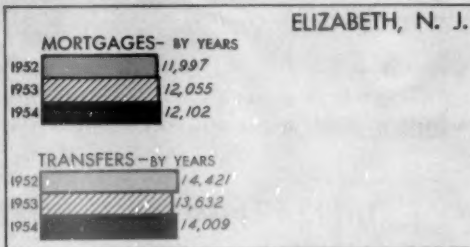
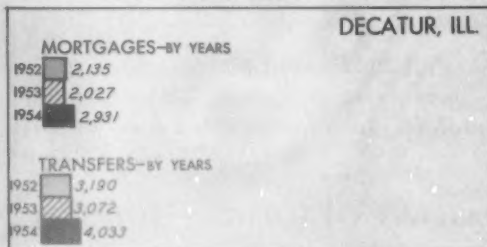
**DAVENPORT, IOWA**



**DETROIT, MICH.**

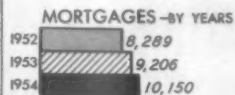


COMPARISON OF NUMBER OF REAL ESTATE MORTGAGES  
AND NUMBER OF REAL ESTATE TRANSFERS FOR 1952, 1953, 1954

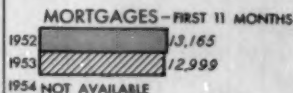


COMPARISON OF NUMBER OF REAL ESTATE MORTGAGES  
AND NUMBER OF REAL ESTATE TRANSFERS FOR 1952, 1953, 1954

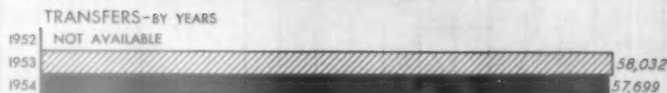
NASHVILLE, TENN.



NEWARK, N. J.



NASSAU COUNTY, N. Y.



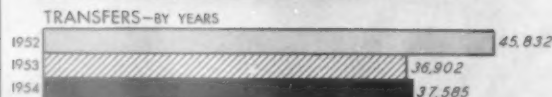
QUEENS BOROUGH, N. Y.



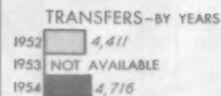
OAKLAND, CALIF.



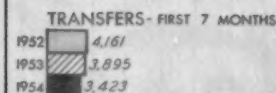
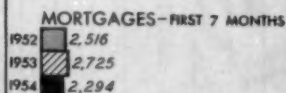
PHILADELPHIA, PA.



PORTLAND, ME.



READING, PA.



**COMPARISON OF NUMBER OF REAL ESTATE MORTGAGES  
AND NUMBER OF REAL ESTATE TRANSFERS FOR 1952, 1953, 1954**

**ROCHESTER, N. Y.**

**MORTGAGES—BY YEARS**



**TRANSFERS—BY YEARS**



**ST. PAUL, MINN.**

**MORTGAGES—FIRST 11 MONTHS**



**TRANSFERS—FIRST 11 MONTHS**

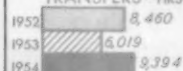


**SALT LAKE CITY, UTAH**

**MORTGAGES—FIRST 11 MONTHS**



**TRANSFERS—FIRST 11 MONTHS**



**SEATTLE, WASH.**

**MORTGAGES—BY YEARS.**



**TRANSFERS—BY YEARS**



**SPRINGFIELD, MO.**

**MORTGAGES—BY YEARS**



**TRANSFERS—BY YEARS**



**SPRINGFIELD, OHIO**

**MORTGAGES—BY YEARS**



**TRANSFERS—BY YEARS**



**SYRACUSE, N. Y.**

**MORTGAGES—BY YEARS**



**TRANSFERS—BY YEARS**



**TOPEKA, KANSAS**

**MORTGAGES—BY YEARS**



**TRANSFERS—BY YEARS**



**TRENTON, N. J.**

**MORTGAGES—BY YEARS**



**TRANSFERS—BY YEARS**



**YOUNGSTOWN, OHIO**

**MORTGAGES—BY YEARS**



**TRANSFERS—BY YEARS**



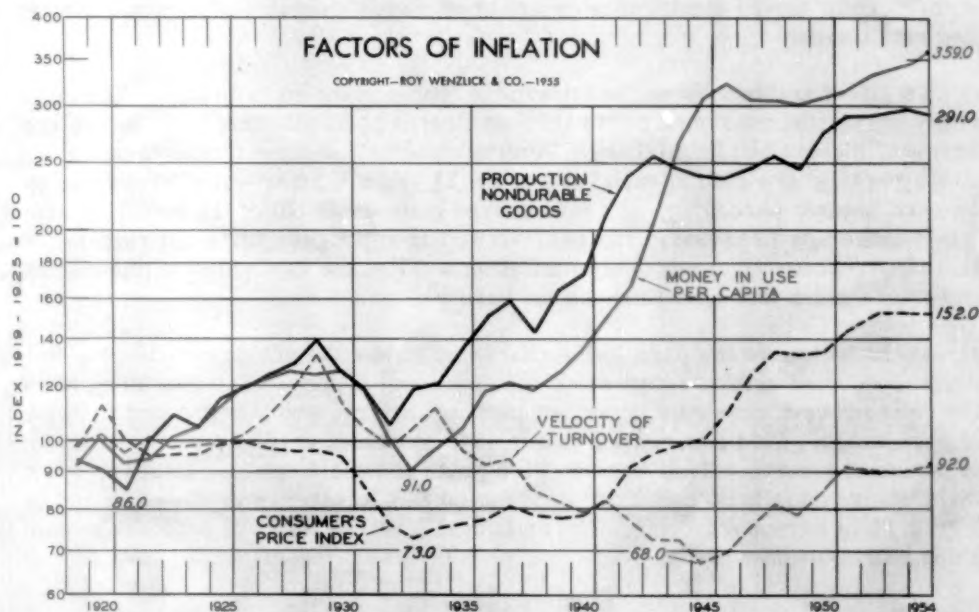


## FACTORS OF INFLATION

**T**HERE is little that any of us can do about inflation except put up with it and try to understand it. Basically, it is not difficult to understand, but our economic system has become so complex that any discussion of inflation is liable to get cluttered up with a number of extraneous items.

For this reason we have designed the chart shown below. In it we have combined the three basic factors of inflation (and deflation) and inflation's basic yardstick. The yardstick represented by the dashed blue line is the familiar consumer price index (converted to a base of 1919-1925 = 100). As you know, this index has been rising steadily since the early thirties, and has risen particularly fast since 1940, indicating a rise in the general price level, or a decline in the purchasing power of the dollar.

The three factors of inflation also shown will give you a good idea why the value of the dollar has been declining. They are: production of nondurable goods (solid red line), money in use per capita (solid red line), and velocity of turnover of bank deposits (dashed red line). Generally speaking, if the supply of money increases faster than the production of goods, the relative scarcity of goods forces the price up. You can see that this is what has been happening. In addition to this, the velocity of turnover has also been rising since 1945, adding to the inflationary effect of the increasing money supply. This means that people



not only have an increasing supply of money, but that they are spending it at a faster rate.

Recent changes in these factors indicate that we may be in for some more inflation in the nondurable goods lines. However, early increases in the production of nondurable goods could forestall price increases or keep them within a small range.

## THE CHANGING PATTERN OF CONSUMER CREDIT

**T**HERE may be ample justification for alarm over the swelling flood of consumer credit. There may come a time when high employment and high income will weaken sufficiently to allow expanded credit to wreck the economy. There is no reason, however, to fear it simply because it is big.

In order to keep the size of consumer debt in proper perspective it is necessary to consider the extent to which it is being used and its chances of being repaid. A simple statement of its size takes neither factor into account.

Obviously, consumer credit is used to finance the purchase of consumer goods - practically all at the retail level. Therefore, as retail sales increase, it is logical to expect an increase in consumer credit. At the same time, consumer credit is repaid out of income. It is also logical then that as incomes rise, the ability to repay debt increases along with them, and consumers become willing to increase their obligations. It is perfectly clear that the amount of consumer credit has no significance except when viewed alongside of personal income and retail sales.

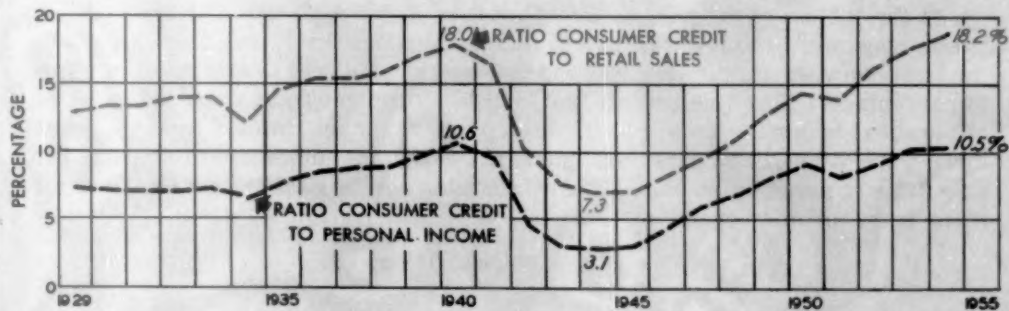
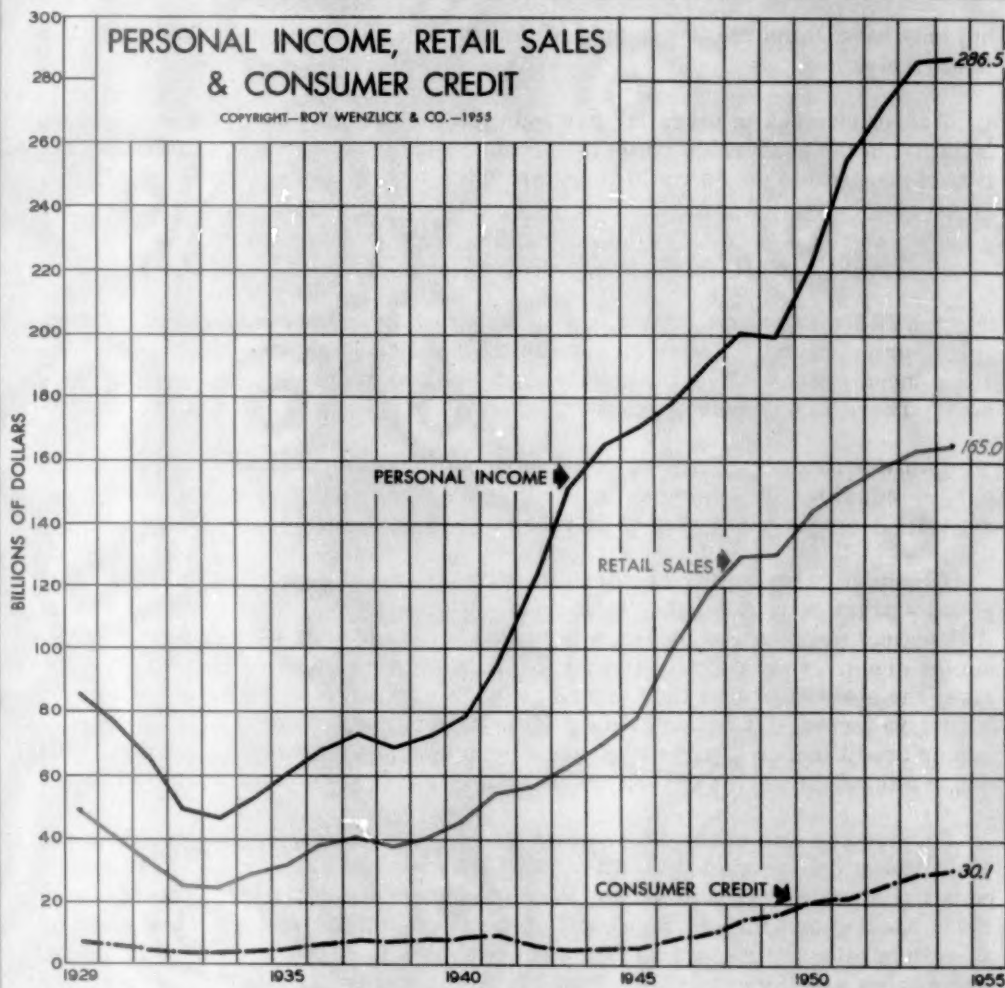
To give you this view we have drawn the charts on the opposite page. The large chart shows that consumer credit (broken line) is at an all-time high, but so are personal income and retail sales. Personal income has risen tremendously since 1933, racking up a gain in each but 2 of the 21 years. Retail sales have risen by an even greater percentage and have scored gains in 20 out of the last 21 years. While these are impressive figures, viewed in any light, you must remember that they represent a great deal of inflation and that the real gains in purchasing power are much less than those shown here.

At the bottom of the page is the chart that shows the actual relationship between consumer credit, retail sales, and personal income. The blue line shows the ratio between consumer credit and personal income, and is expressed in terms of percentage. This line reveals that in 1940 consumer credit amounted to 10.6% of personal income. This was the high point of recent times. In 1944, when there were virtually no consumer goods to be had, consumer credit amounted to only 3.1% of personal income. The relationship now is 10.5% of personal income going into consumer credit.

(cont. on page 76)

# PERSONAL INCOME, RETAIL SALES & CONSUMER CREDIT

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## THE CHANGING PATTERN OF CONSUMER CREDIT

(cont. from page 74)

The ratio of consumer credit to retail sales shows the same trend on a slightly higher level. In 1954, 18.2% of all retail sales were made on the basis of credit. This is the highest percentage (by two-tenths of 1%) since 1929.

You can see that when consumer credit is put into its proper perspective it does not appear nearly so grotesque and frightening. Another comforting thought is found in the rate at which consumer credit is increasing. As you can see, it has increased each year since 1943. However, the increase from 1953 to 1954 was less than \$0.6 billion. This is the smallest increase of any year since 1945. From 1951 to 1952 the increase in consumer credit was \$4.4 billion, and the next year's increase was \$3.7 billion. Therefore, this last year's gain of less than \$0.6 billion does represent quite a slowdown.

Another factor that must be kept in mind is the change in the items being bought with consumer credit. In the last 20 to 30 years, the time payment and finance business has been developed to a high degree, and it has become possible to buy an increasing number of items on a credit basis. Indeed, there are any number of businesses that simply could not operate without consumer credit. Think where the automobile business and the appliance business would be without time payments. Although not technically in the consumer credit category, common stocks can now be purchased on a time payment basis.

Not only is the number of items that can be bought on time increasing, but the credit plans, or methods of repayment, are becoming more and more flexible. Then, too, the public's attitude toward debt is undergoing a marked change. There was a time when most people were either afraid or ashamed to be in debt. Now it has acquired complete respectability and is assumed with a light heart. We can remember the time when it would have been considered almost immoral to borrow money to take a vacation. However, in recent years the number of families buying vacations on the budget plan is increasing, and this may some day become as much a part of our way of life as the monthly payments on the family automobile.

NOTE: When we went to press on our December 1954 Real Estate Analyst, the latest available figure on office building vacancy in Greensboro, North Carolina, showed a level of 15.46% in June 1954. We are glad to report that a complete survey made in January 1955 shows an office building vacancy of less than 1%.